

GAO

Fact Sheet for the Chairman,  
Subcommittee on Oversight, House  
Committee on Ways and Means



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June 1986

TAX  
ADMINISTRATION

Timeliness and  
Accuracy of IRS'  
Telephone Assistance on  
Tax Questions



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General Government Division

B-223297

June 18, 1986

The honorable J.J. Pickle  
Chairman, Subcommittee on  
Oversight  
Committee on Ways and Means  
House of Representatives

Dear Mr. Chairman:

This fact sheet responds to a February 7, 1986, request from the Chairman of the House Committee on Ways and Means that we test the timeliness and accuracy of the Internal Revenue Service's (IRS) Telephone Assistance Program during the 1986 filing season and report the results to you. On May 15, 1986, we briefed your staff on the results of our test. This document supplements that briefing.

We conducted our test on 32 days during the period from March 3 through April 15, 1986. Using 21 tax-related questions, we placed 1,280 calls to 31 of IRS' 34 telephone sites. As in prior tests, IRS officials reviewed our questions and answers and agreed in advance that the answers we sought were correct.

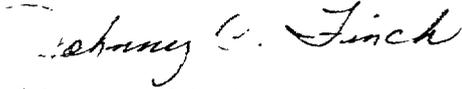
Our test results showed that for the majority of calls, taxpayers could expect to be successful in contacting IRS telephone assistants and obtaining accurate answers to their questions. In 68 percent of the cases, we reached the IRS site on our first call attempt. IRS' responses to the questions we asked were accurate 83 percent of the time.

IRS officials reviewed a draft of this document and we considered their comments in preparing the final product. As agreed with your office, we are providing copies of this document to IRS. Unless you publicly announce its contents earlier, we plan no further distribution until 10 days from the date of the document. At that time, we will send copies to interested parties and make copies available to others upon request.

B-243297

We trust this information will be useful in your evaluation of IRS' Telephone Assistance Program. If you have questions about our study or this document, please contact Larry Endy of my staff on 376-0023.

Sincerely yours,

A handwritten signature in cursive script that reads "Johnny C. Finch".

Johnny C. Finch  
Senior Associate Director

## C o n t e n t s

	<u>Page</u>
ISSUES ADDRESSED	4
SUBJECT AREAS ADDRESSED BY QUESTIONS USED IN GAO'S SURVEY OF IRS' TELEPHONE ASSISTANCE PROGRAM	4
OBJECTIVES, SCOPE, AND METHODOLOGY	5
THE IRS TELEPHONE ASSISTANCE PROGRAM	8
IRS EFFORTS TO IMPROVE RESPONSIVENESS TO TAXPAYERS	8
RESULTS OF GAO'S TELEPHONE ASSISTANCE SURVEY	9
Accessibility of IRS Telephone Assisters	9
Accuracy of IRS responses	14

### TABLES

1	Areas Covered by IRS Telephone Sites	6
2	Comparison of Survey Methodologies	7
3	Accessibility Rates for IRS Telephone Sites Contacted by GAO	13
4	Accuracy Rates for IRS Telephone Sites Contacted by GAO	16

### FIGURES

1	Locations of IRS Telephone Sites Contacted by GAO	5
2	Ability to Complete Calls to IRS Assisters	10
3	Accessibility by Type of Equipment	11
4	Accuracy of IRS Responses	14

ISSUES ADDRESSED

- o How accessible are IRS assisters for responding to telephone inquiries from taxpayers?
- o How accurate are the answers provided by IRS telephone assisters to tax-related questions posed by taxpayers?

SUBJECT AREAS ADDRESSED BY QUESTIONS  
USED IN GAO'S SURVEY OF IRS'  
TELEPHONE ASSISTANCE PROGRAM

<u>Subject area</u>	<u>Number of questions</u>	<u>Frequency asked</u>
Gift tax	1	59
Child care credit	4	235
Alimony	2	126
Home business expense	1	64
Earned income credit	1	67
Use of Form 1040A	2	119
Charitable contributions	2	105
Energy tax credit	1	72
Elderly tax credit	1	58
Moving expenses	1	56
Marriage deduction	1	67
IRA deposits	2	129
Home sale/profit	1	69
Zero bracket amount	1	54
Totals	<u>21</u>	<u>1,280</u>

OBJECTIVES, SCOPE, AND METHODOLOGY

In a February 7, 1986, letter, the Chairman of the House Committee on Ways and Means asked us to test and analyze the timeliness and accuracy of IRS' Telephone Assistance Program during the 1986 tax filing season. He asked us to provide the results of our analyses to the Chairman, Subcommittee On Oversight.

We conducted our test on 32 days during the period from March 3 through April 15, 1986. Posing as taxpayers, our staff placed 1,280 calls to 31 of IRS' 34 telephone call sites and recorded the results on data collection instruments. As in past studies, we did not include call sites in Alaska, Hawaii, and Puerto Rico because of time differences and/or difficulty of placing calls to those locations. Figure 1 and table 1 show the locations and areas covered by the 31 IRS call sites.

**Figure 1: Locations of IRS Telephone Sites Contacted by GAO**

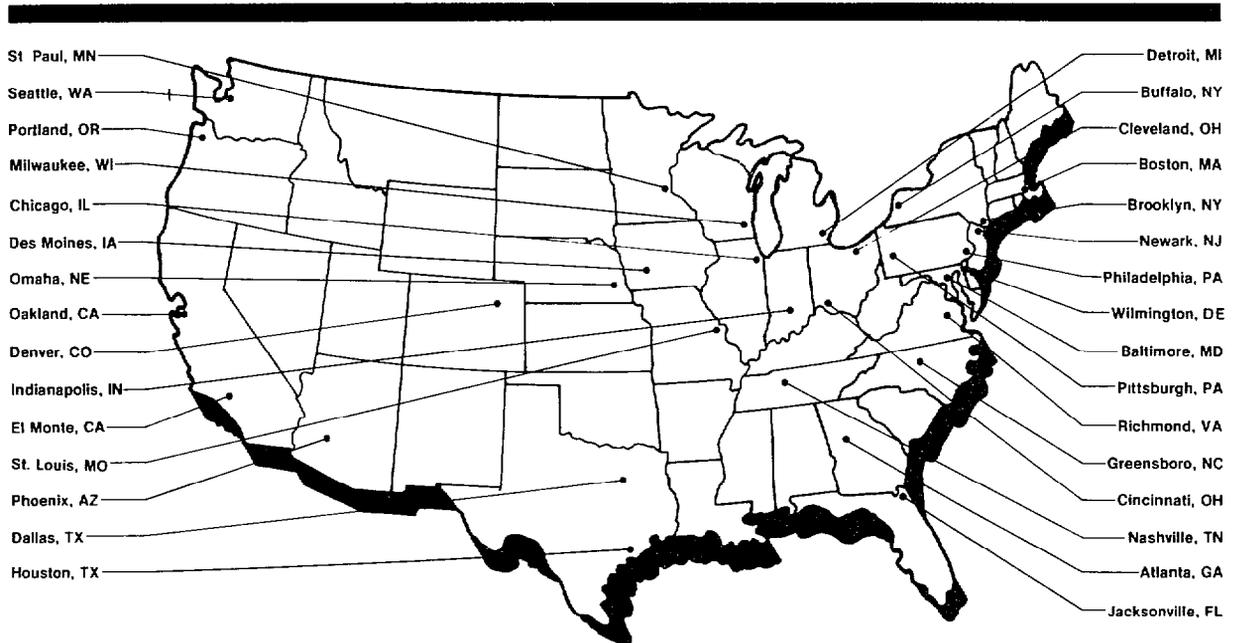


Table 1: Areas Covered by IRS Telephone Sites

Atlanta	Alabama, Georgia, Louisiana, Mississippi, South Carolina
Baltimore	District of Columbia, Maryland
Boston	Connecticut, Maine, Massachusetts, New Hampshire, Northeast New York, Rhode Island, Vermont
Brooklyn	Brooklyn Metropolitan Area, Long Island, Manhattan Metropolitan Area
Buffalo	Central and Western New York
Chicago	Illinois
Cincinnati	Southern Ohio, West Virginia
Cleveland	Northern Ohio
Dallas	Kansas, New Mexico, Oklahoma, North Texas
Denver	Colorado, Wyoming, Utah
Des Moines	Iowa
Detroit	Michigan
El Monte	Southern California
Greensboro	North Carolina
Houston	South Texas
Indianapolis	Indiana, Kentucky
Jacksonville	Florida
Milwaukee	Wisconsin
Nashville	Arkansas, Tennessee
Newark	New Jersey
Oakland	Northern California, Nevada
Omaha	Nebraska
Philadelphia	Eastern Pennsylvania
Phoenix	Arizona
Pittsburgh	Western Pennsylvania
Portland	Idaho, Oregon
Richmond	Virginia
St. Louis	Missouri
St. Paul	Minnesota, Montana, North Dakota, South Dakota
Seattle	Washington
Wilmington	Delaware

We made the calls in accordance with a sampling plan that allowed us to project our results to the 31 call sites at the 95 percent confidence level with a maximum sampling error rate of plus or minus 3 percent. We computed the number of calls we would make to each IRS office by prorating the sample of 1,280 calls over the 31 offices on the basis of the percent of calls IRS expected each office to handle during the 1986 filing season. For example, IRS expected Atlanta to handle about 7 percent of the total calls placed to the 31 sites during the filing season. Therefore, we placed about 7 percent (86) of our 1,280 calls to Atlanta.

We based the order and time of calls on the number of available 15-minute intervals during each site's operating hours on the 32 days included in our test. Specific questions and call intervals were randomly selected. Our staff recorded information on completed calls, busy signals, time on hold, and accuracy of responses. We defined completed calls as including those answered by an assister as well as those disconnected while awaiting a response.

This was our fourth survey of IRS' telephone assistance, previous surveys being done in 1985, 1982, and 1978. All 21 tax-related questions we asked of assisters during this survey were previously used in our 1982 and 1985 surveys. Of the 21 questions, 10 were also used in our 1978 survey. As in prior surveys, IRS officials reviewed our questions and answers and agreed in advance that the answers we sought were correct.

Although the four surveys are similar, the methodologies differed as shown in table 2. Although caution must be taken in making year-to-year comparisons, such comparisons do provide useful indicators of trends in the accessibility and accuracy of IRS' Telephone Assistance Program.

Table 2: Comparison of Survey Methodologies

<u>Year</u>	<u>Calls made</u>	<u>Number of days</u>	<u>IRS sites contacted</u>	<u>Questions asked</u>
1986	1,280	32	31 of 34	21
1985	577	11	33 of 36	27
1982	1,092	48	49 of 52	30
1978	873	3	20 of 70	14

## THE IRS TELEPHONE ASSISTANCE PROGRAM

Because our tax laws have evolved into a complicated array of exemptions, exclusions, deductions, and credits, taxpayers often need assistance in understanding the tax laws and in preparing their returns. For over a decade, IRS has had a formal program for assisting taxpayers and has sought to expand and/or improve that program.

Historically, IRS has considered telephone assistance to be the most efficient method for helping taxpayers. IRS therefore has encouraged taxpayers to use the telephone as a means for seeking assistance on tax law questions and on tax return preparation. During fiscal year 1985, 86 percent of IRS' direct assistance to taxpayers was handled via the telephone. Currently, IRS operates toll-free telephone systems in 34 different locations serving all the states, the District of Columbia, and Puerto Rico. According to IRS, from January through April 19, 1986, 18.3 million toll-free telephone calls were answered.

### IRS EFFORTS TO IMPROVE RESPONSIVENESS TO TAXPAYERS

For fiscal year 1986, IRS increased the number of telephone lines and staff to handle taxpayer inquiries. IRS made available 3,372 toll-free lines at the peak taxpayer service time, which began in March. This was 336 more lines than in 1985 and represented an 11-percent increase. In addition, 3,400 assisters were allocated to IRS field offices for the filing season to respond to telephone inquiries. This represented an increase of 700, or 26 percent, above the 1985 allocation. Nationwide, IRS expects to assist almost 5 million more callers in fiscal year 1986 than the 41.2 million callers who were assisted in fiscal year 1985. However, IRS' latest information on telephone inquiries shows that as of April 19, 1986, 18.3 million toll-free calls had been answered; a decrease from the 19.7 million toll-free calls answered during a comparable period in 1985. Given this rate of calls, it appears unlikely that IRS will reach its projected workload of an additional 5 million calls during fiscal year 1986.

IRS has a stated goal of providing taxpayers an 80 percent minimum level of service on the toll-free telephone lines. That is, while IRS wants to handle all calls, it expects to handle at least 80 percent of the demand at any given point in time. In terms of providing accurate answers to taxpayers' questions, IRS officials told us that although a standard of accuracy has not been established, telephone assisters strive for 100-percent accuracy. A recent IRS biweekly survey of 6,000 toll-free calls at 10 answering sites showed that about 76 percent of taxpayers' calls were completed, and the taxpayers' questions were answered correctly 93 percent of the time.

IRS' toll-free lines are supplemented by multifunctional telephone equipment, which provides recorded tax information and handles refund inquiries. IRS increased the number of multifunctional lines from 718 in fiscal year 1985 to 1,504 in 1986; an increase of over 100 percent. In fiscal year 1985, the equipment handled about 8.3 million requests for assistance, including 4.2 million refund inquiries. In fiscal year 1986, IRS expects the equipment to respond to about 10 million requests, including 5 million refund inquiries. As of April 26, 1986, IRS had responded to 4.7 million requests, of which 3.7 million involved refund inquiries.

#### RESULTS OF GAO'S TELEPHONE ASSISTANCE SURVEY

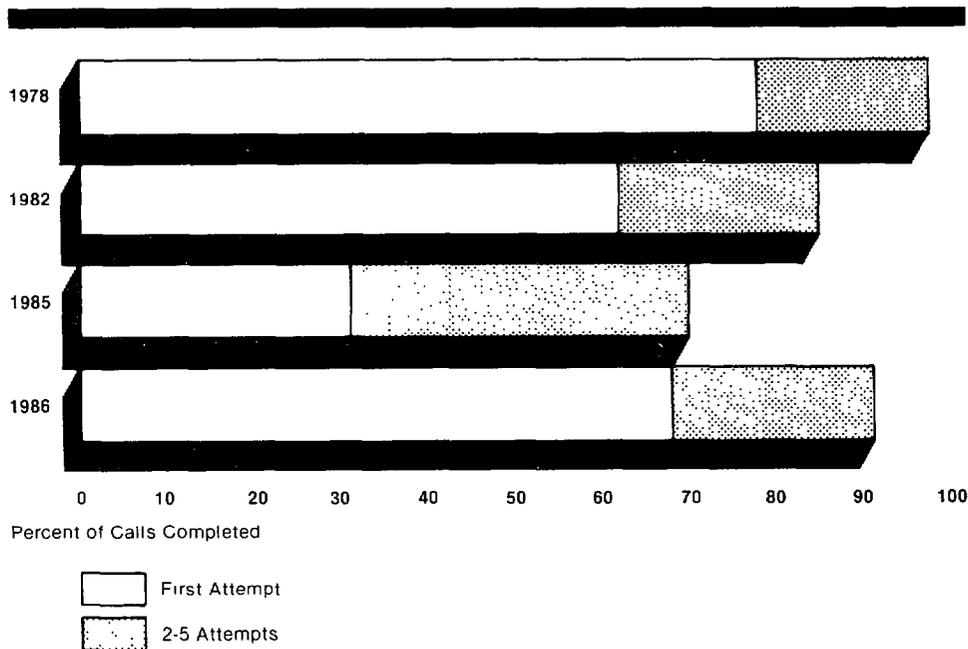
Our 1986 survey results showed that for the majority of calls, taxpayers could expect to be successful in contacting IRS telephone assisters and obtaining accurate answers to their questions. Of the 1,280 calls we made, 68 percent were completed on the first attempt and 91 percent were completed within five call attempts. Also, for the questions asked during all calls, IRS assisters provided correct answers 83 percent of the time.

#### Accessibility of IRS Telephone Assisters

Our analysis of 1,280 attempted calls during the 1986 filing season showed that a taxpayer could expect to reach an IRS assister on the first attempted call 68 percent of the time. As shown in figure 2, the 68 percent accessibility rate is more than double the 31 percent rate disclosed by our 1985 survey and is between the 62 and 78 percent rates disclosed by our 1982 and 1978 surveys.

Figure 2 also shows that in 1986 a taxpayer willing to make multiple calls had a 91-percent chance of reaching an assister within a total of five call attempts. This represents an improvement over the 1985 rate of 70 percent and is similar to the 1982 and 1978 rates of 85 and 96 percent. The 115 calls that we did not complete were primarily the result of busy telephone lines. For nine of these calls, we encountered a continuous ringing without an answer.

Figure 2: Ability to Complete Calls to IRS Assisters



Our analysis of accessibility also included a measure of the time required to reach an assister as well as our inability to complete calls because lines were busy. For 889 (76 percent) of the 1,165 completed calls, we were able to reach an assister in less than 1 minute after placing the call. The remaining 276 calls (24 percent) required waiting from approximately 1 to 6 minutes for an available assister--the average wait being about 1 minute and 50 seconds. Although from 2 to 5 attempts were necessary to complete 293 of the 1,165 calls, we did not include the time associated with the unsuccessful attempts prior to completing the calls.

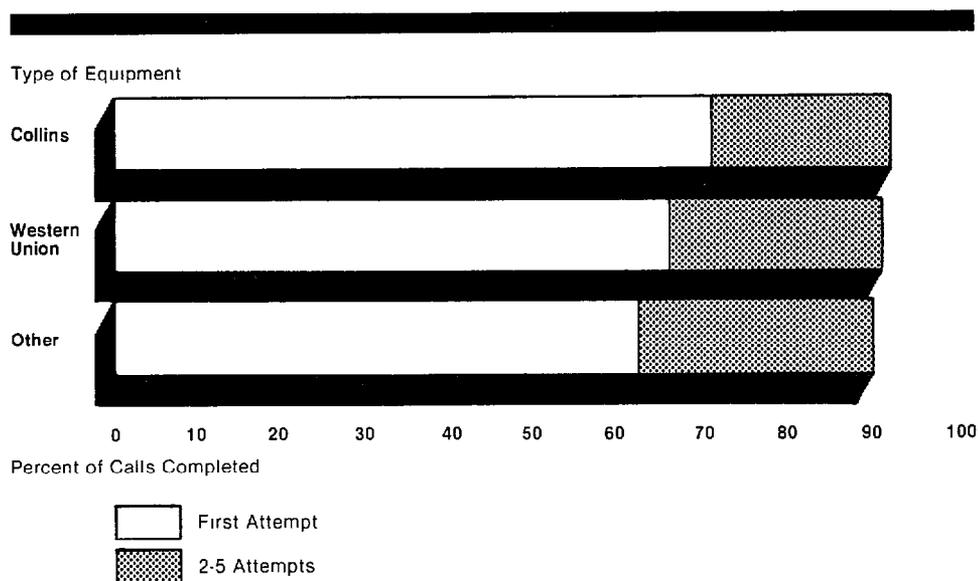
Our analysis also showed that we were placed on hold for 176 (15 percent) of the 1,165 calls while assisters researched the answers. The amount of time on hold ranged from approximately 1 to 14 minutes and averaged about 2 minutes and 10 seconds. Finally, we analyzed the number of calls attempted but not completed. Of the 1,280 attempted calls, 115 were not completed within 5 call attempts; 106 (8 percent) because the lines were busy and 9 (1 percent) because there was no answer.

Our 1986 survey also showed little difference in accessibility by type of equipment. Those sites using computerized equipment as well as those with partially computerized or manual equipment showed accessibility rates comparable to the overall completion rates for both first and up to five call attempts. An analysis of the telephone equipment at each of the 31 call sites showed that 26 used computerized

equipment--Collins and Western Union systems were in place at 12 sites each and Bell Atlanticom and ROLM systems were in place at 1 site each. Partially computerized or manual systems were used at the remaining five sites.

To measure the impact of computerized equipment on accessibility, we compared sites with Collins or Western Union equipment (the most frequently used computerized systems) to the five sites with manual or partially computerized equipment. Figure 3 shows that taxpayers could expect to reach IRS sites with Collins telephone equipment 71 percent of the time on their first call attempt. Sites with Western Union equipment had a first call accessibility rate of 66 percent, while partially computerized or manually equipped sites had a rate of 62 percent on the first call attempt. A similar analysis of up to five call attempts showed accessibility rates of 92, 91, and 90 percent for Collins, Western Union, and partially computerized/manual systems.

Figure 3: Accessibility by Type of Equipment



We also analyzed the impact of the volume of calls on accessibility at selected sites and found that the number of calls handled did not affect accessibility. We compared accessibility rates for our first call attempts at the seven largest sites (which were expected to handle 43 percent of the estimated total calls) with the seven smallest sites (which were expected to handle 8 percent of the total estimated calls). We found accessibility rates of 71 and 64 percent, respectively,

for first call attempts. For up to five call attempts, the accessibility rate for both groups was 93 percent, which is comparable to the overall 91 percent accessibility rate for five call attempts.

Table 3 shows the accessibility rates we experienced for each of the 31 IRS telephone sites contacted during our study. These rates are not statistically comparable because the number of calls per site, although valid for a nationwide analysis, were insufficient to represent statistically valid accessibility rates for the individual sites.

Table 3: Accessibility Rates For IRS Telephone Sites Contacted by GAO

Sites	Calls attempted	Calls completed				Total calls	
		First call		2-5 calls			
Atlanta	86	67	77.9%	15	17.4%	82	95.3%
Baltimore	46	32	69.6	11	23.9	43	93.5
Boston	79	52	65.8	23	29.1	75	94.9
Brooklyn	48	27	56.3	9	18.7	36	75.0
Buffalo	14	12	85.7	2	14.3	14	100.0
Chicago	49	36	73.5	13	26.5	49	100.0
Cincinnati	47	31	66.0	14	29.7	45	95.7
Cleveland	39	22	56.4	13	33.3	35	89.7
Dallas	90	62	68.9	20	22.2	82	91.1
Denver	35	15	42.9	14	40.0	29	82.9
Des Moines	14	5	35.7	6	42.9	11	78.6
Detroit	54	42	77.8	7	12.9	49	90.7
El Monte	72	48	66.7	18	25.0	66	91.7
Greensboro	23	15	65.2	5	21.8	20	87.0
Houston	78	54	69.2	14	18.0	68	87.2
Indianapolis	51	33	64.7	7	13.7	40	78.4
Jacksonville	87	69	79.3	15	17.3	84	96.6
Milwaukee	19	17	89.5	2	10.5	19	100.0
Nashville	37	26	70.3	5	13.5	31	83.8
Newark	29	15	51.7	8	27.6	23	79.3
Oakland	60	41	68.3	14	23.4	55	91.7
Omaha	9	5	55.6	3	33.3	8	88.9
Philadelphia	32	21	65.6	10	31.3	31	96.9
Phoenix	19	14	73.7	5	26.3	19	100.0
Pittsburgh	20	11	55.0	6	30.0	17	85.0
Portland	23	16	69.6	6	26.1	22	95.7
Richmond	26	20	76.9	4	15.4	24	92.3
St. Louis	35	21	60.0	12	34.3	33	94.3
St. Paul	27	21	77.8	3	11.1	24	88.9
Seattle	28	20	71.4	7	25.0	27	96.4
Wilmington	<u>4</u>	<u>2</u>	50.0	<u>2</u>	50.0	<u>4</u>	100.0
Totals	<u>1,280</u>	<u>872</u>	68.1% <sup>a</sup>	<u>293</u>	22.9% <sup>a</sup>	<u>1,165</u>	91.0% <sup>a</sup>

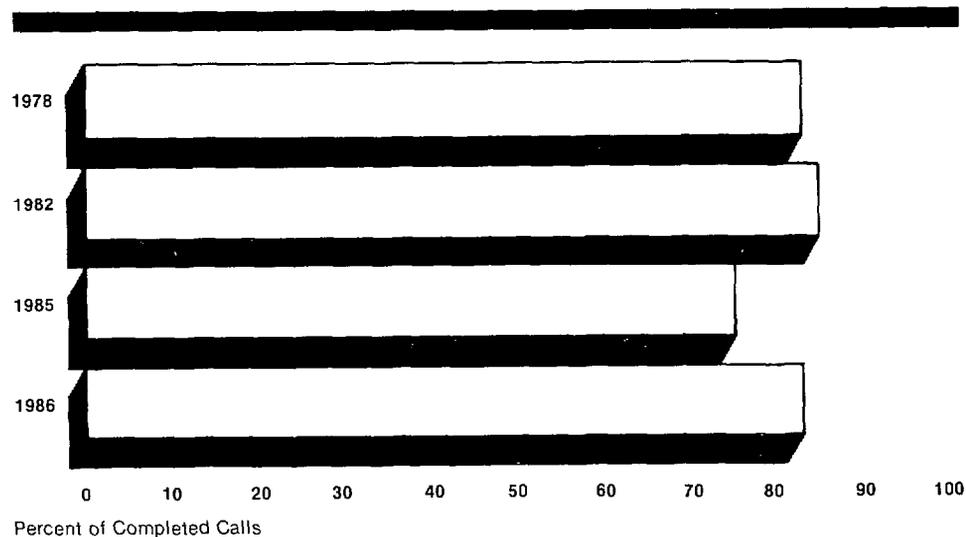
<sup>a</sup>Represents average percent rather than total.

## Accuracy of IRS Responses

Our analysis of completed calls in 1986 showed that taxpayers could expect the majority of their questions to be answered accurately. Of the 1,165 completed calls, 968 (83 percent) were correctly answered and 147 (13 percent) were incorrectly answered. The remaining 50 calls were initially completed but terminated before IRS answered the questions. Terminated calls include those lost during discussion with an assister and those when, upon transfer to a backup assister, the call was lost, a backup assister was not available, or we did not want to leave a name and phone number. A further analysis of the 1,165 completed calls showed that 61 (5 percent) were referred to backup assisters. Of the 61 referrals, 32 (52 percent) were correctly answered, 12 (20 percent) were incorrectly answered, and 17 (28 percent) were terminated.

Figure 4 shows the percent of completed calls that resulted in correct answers for our 1986 and prior telephone assistance surveys.

Figure 4: Accuracy of IRS Responses



We counted an answer as correct if we were referred to appropriate forms or publications. We also counted as correct those instances where the assister gave us a general answer without pursuing the specific aspects of our case. Depending on one's viewpoint, these responses might be considered as incomplete and therefore less than accurate. Accordingly, we analyzed all of the 968 answers we counted as correct to determine how the overall accuracy rate would be affected if incomplete responses were removed. The incomplete responses included 185 calls in which assisters provided general answers

and 53 calls in which assisters answered by referring us to forms and/or publications. When we computed accuracy using the remaining 730 responses, the overall accuracy rate dropped 20 percentage points--from 83 percent to 63 percent.

When analyzing accuracy by individual question we found that the rates ranged from 36 percent to 98 percent. Responses to 15 of the 21 questions exceeded the overall accuracy rate of 83 percent. Questions dealing with the gift tax, use of Form 1040A, and charitable contributions were more likely to receive an incorrect response. For these questions the rates of accuracy were 36, 43, and 46 percent.

We also analyzed the accuracy rate by the number of calls we completed at selected sites and found that volume did not affect the overall accuracy of responses. We compared accuracy rates for the seven sites which handled the largest number of our calls (43 percent) to those of the seven sites which handled the smallest number (8 percent). The accuracy rate for each group--84 percent for the larger sites and 81 percent for the smaller sites--was comparable to the 83 percent accuracy rate for all sites.

Table 4 shows the accuracy rates we experienced for completed calls by the individual call sites. These rates are not statistically comparable because the number of calls per site, although valid for a nationwide analysis, were insufficient to represent statistically valid accuracy rates for the individual sites.

Table 4: Accuracy Rates For IRS Telephone Sites Contacted by GAO

<u>Sites</u>	<u>Calls completed</u>	<u>Responses</u>		<u>No response</u>	<u>Accuracy rate</u>
		<u>Correct</u>	<u>Incorrect</u>		
Atlanta	82	67	5	10	81.7%
Baltimore	43	37	4	2	86.0
Boston	75	63	8	4	84.0
Brooklyn	36	29	7	0	80.6
Buffalo	14	13	0	1	92.9
Chicago	49	44	4	1	89.8
Cincinnati	45	33	11	1	73.3
Cleveland	35	31	4	0	88.6
Dallas	82	66	13	3	80.5
Denver	29	24	4	1	82.8
Des Moines	11	10	1	0	90.9
Detroit	49	41	8	0	83.7
El Monte	66	56	6	4	84.8
Greensboro	20	13	1	6	65.0
Houston	68	56	10	2	82.4
Indianapolis	40	36	4	0	90.0
Jacksonville	84	71	13	0	84.5
Milwaukee	19	16	3	0	84.2
Nashville	31	25	5	1	80.6
Newark	23	19	1	3	82.6
Oakland	55	49	6	0	89.1
Omaha	8	4	4	0	50.0
Philadelphia	31	24	5	2	77.4
Phoenix	19	19	0	0	100.0
Pittsburgh	17	12	3	2	70.6
Portland	22	19	1	2	86.4
Richmond	24	20	4	0	83.3
St. Louis	33	29	4	0	87.9
St. Paul	24	17	4	3	70.8
Seattle	27	22	4	1	81.5
Wilmington	<u>4</u>	<u>3</u>	<u>0</u>	<u>1</u>	75.0
Totals	<u>1,165</u>	<u>968</u>	<u>147</u>	<u>50</u>	83.1% <sup>a</sup>

<sup>a</sup>Represents average percent rather than total.

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